



JUN 29 2001

Reply to Attn of:

**TO:** Distribution

**FROM :** H/Associate Administrator for Procurement

**SUBJECT:** Reducing Agency Undefined Contract Actions

Through a Memorandum issued June 7<sup>th</sup>, 2001, the Administrator has expressed NASA's commitment to reduce the use of undefined contract actions (UCAs) for initiating contract changes prior to the finalization of price. This commitment includes specific goals for reducing both the number and dollar value of UCAs, and for eliminating the backlog of actions requiring definition. Although UCAs are legitimate mechanisms to begin work on urgent contract changes, the current number of agency UCAs requires center management attention to ensure that they are not becoming a "business as usual" practice. Excessive use of UCAs increases cost risk to the Agency and diligent oversight is required to minimize that risk.

To address this problem the Office of Procurement is developing additional management controls on the UCA process that will be implemented through a comprehensive change to NASA's procurement regulations, the NASA FAR Supplement (NFS). Pending final publication of these changes and sufficient time for public comment, the urgency of this matter and our time line for reducing UCAs requires immediate action. For this reason, effective immediately, I am reducing the thresholds at NFS 1843.7003(a) and (b)(1) from \$1,000,000 to \$100,000. The first of the changed sections deals with Center Director approval of UCAs and the second section requires issuance of UCAs as bilateral agreements with ceiling prices/not to exceed amounts. These changes are being implemented through Procurement Information Circular PIC 01-16, which is provided as an enclosure to this letter.

Additionally, to ensure that center procurement and technical offices have access to resources for finding innovative approaches to manage UCAs, the Office of Procurement has developed a web page providing access to center "best practices" and a consolidated location for agency policy on the use of UCAs. The web address is: <http://ec.msfc.nasa.gov/hq/library/uca.htm>.

The Code H point of contact for this matter is Jeff Lupis, and he can be reached at (202) 358-0462.

A handwritten signature in black ink, appearing to read "Tom Luedtke".

Tom Luedtke

Enclosure